



**Kinder Morgan Pipeline Rupture News Conference**  
**Tuesday, August 19, 2003**  
**State Capitol Executive Tower Lobby**  
**Phoenix, Arizona**

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Good afternoon, and thank you all for coming.

This has been a very productive day for me as work to solve Maricopa County's continued gas shortages.

First, I want to acknowledge the thousands of people who have called, emailed and written to my office to express their concerns and their growing frustration over the gas shortage. Believe me, I share your growing impatience with this.

When Kinder Morgan shut down its eastern pipeline to Phoenix last week, it interrupted Maricopa County's supply of gasoline this past weekend, causing havoc in the industry's ability to distribute gasoline from Phoenix reservoirs to Valley gas stations.

Earlier today I met with Kinder Morgan executives, who relayed to me that this morning they received permission from the U.S. Department of Transportation to begin the testing of the pipeline that is the next crucial step toward reopening it.

In that meeting, I asked why Kinder Morgan had no back-up pipeline system, and what they intend to do about establishing alternative delivery systems in the event that one of their Arizona pipelines fails in the future.

It is unacceptable for most of Arizona to be dependent on a single company, operating two pipelines with no contingency plans for shut-downs. I conveyed this sentiment to Kinder Morgan executives in no uncertain terms, on behalf of all Arizona residents who are affected by this shortage.

Our communications with Kinder Morgan and other stakeholders in Arizona's gasoline business have been frustrating, and the answers have been unacceptable. While I have been offered explanations for why the gas is not getting to the pumps, I have not been offered solutions.

With the absence of appropriate answers in the private sector, I have determined that extraordinary state measures are unavoidable to bring some relief to the Valley.

These measures are designed to accomplish three simple goals.

- The first goal is to get gasoline into the gas pumps as soon as possible.
- The second goal is to reduce demand for gas by implementing ambitious conservation measures, led by state employees.
- The final goal is to combat reports of price gouging that persist around the Valley.



To increase the amount of gasoline available to the Valley, I have been in contact with the offices of Vice President Cheney, the acting administrator of the U.S. Environmental Protection Agency and U.S. Sen. Jon Kyl to obtain a temporary waiver on fuel restrictions for Maricopa County. Earlier today, the EPA granted that waiver, which will go into effect tomorrow morning.

This allows Maricopa County to access standard unleaded gas, which is in more plentiful supply than the specialized "Phoenix" blend of unleaded normally required to reduce tailpipe emissions. The waiver will last the duration of this shortage, and it will allow us to tap new sources of gasoline from New Mexico and Nevada within the next 24 hours. Much of this gas will be from out of state directly to gas pumps, bypassing the problematic Phoenix distribution center.

I expect that this new source of gasoline will begin to push prices back down from their current unprecedented levels.

To get existing gas to the pumps quicker, I am working with the U.S. Department of Transportation and the Arizona Department of Public Safety to extend the hours that gas truck drivers can safely work, to ensure more timely deliveries to retail stations.

Such an amendment will bring Arizona into conformity with California, where gas truck drivers are routinely permitted to drive 80 hours a week.

To ensure that truckers are able to deliver gasoline safely to the pump, they will be provided a toll-free number to call prior to their arrival at gas stations if they are concerned for their personal safety. Law enforcement officers will be on hand to ensure safe gas deliveries on behalf of those truckers working so many hours to deliver product to the Valley.

To lead the way in conservation, I have instructed all state agencies to implement aggressive travel reduction plans among their employees, and have encouraged all county and municipal government offices in Maricopa County to follow suit.

I am asking all employees to voluntarily participate in one of the following alternatives to driving alone:

- Carpool/vanpool
- Ride a city bus
- Telecommute, or
- Walk/bicycle to work

My goal is for 60 percent of all state employees to participate. I encourage every business in the Valley to institute a similar trip reduction program.

The more each of us can reduce our gas consumption, the easier this shortage will be on all of us. We are all in this together.



Unfortunately, this problem is not going to be taken care of by the industry alone in the short run. Government and individual citizens must take initiative to solve the problem if we are to avoid being in this bind for an extended period of time.

And finally, to address reports of outrageous price gouging, I encourage people to continue reporting such abuses when they see them. We knew that prices would increase as supplies tightened, but reports of gas topping three, even four dollars per gallon are ridiculous.

Clearly, the time has come for a price gouging statute in Arizona. I will work with the Legislature to pass such a law when it convenes in January, and I want to thank Attorney General Terry Goddard for his leadership in this area.

I am not interest in government controlling market prices in Arizona – but when retailers exploit public fears by hiking prices well beyond market pressures, that is nothing short of extortion, and it must not be tolerated in Arizona.

With that, I will be happy to take any questions.